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GOVERNMENTAL AFFAIRS

United States Senate

October 18, 2011

The Honorable Leon Panetta
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301

The Honorable Hillary Rodham Clinton
Secretary of State
2201 C St, NW
Washington, D.C. 20520

Dear Secretary Panetta and Secretary Clinton:

I write today regarding a cost of war that has received far less attention than it deserves – the tens of billions in reconstruction dollars lost to waste in Iraq and Afghanistan, and the potential loss of additional billions if immediate steps are not taken to ensure the projects can be sustained by their host governments. More specifically, I request information on the efforts currently undertaken by the Defense Department and State Department to address the sustainability of these investments as well as the recent actions taken to more responsibly safeguard these taxpayer dollars.

As you know, the congressionally chartered Commission on Wartime Contracting in Iraq and Afghanistan recently filed its final report to Congress. Included in the Commission's findings was a conservative estimate that as much as one-third of the \$206 billion we have spent on contractors in Iraq and Afghanistan has been lost to waste, fraud and abuse.

I find it very troubling that our government continues to spend billions of taxpayer dollars on projects in Iraq and Afghanistan that may be well-intentioned and well-designed but could be wasted because they are not sustainable. It is clear that U.S. officials are not closely scrutinizing projects for sustainability, and they are certainly not taking necessary action to cancel those projects most at risk for not being sustained.

As a result, the ongoing list of wasteful projects in Iraq and Afghanistan is staggering and there is a very real danger that American taxpayers are going to be left footing the bill for half-completed infrastructure projects across the region. The implications are widespread. Not only are these projects wasteful but they complicate our military and diplomatic efforts and undermine our ability to build trust and goodwill with locals on the ground.

For instance, in Kabul, American taxpayers footed the bill for a \$300 million power plant that sits little-used and costs the Afghan Government far too much to operate and maintain. If invested at home, that same amount would cover the energy needs of every Montana household for nearly nine months.

American taxpayers have also invested \$277 million in a water-treatment plant in Nassiriya. This facility, the single largest U.S.-funded reconstruction project in Iraq, also sits largely unused because the costs of ongoing operation and maintenance for the Iraqi government are too extensive. At the same time, two water projects in my state, the Rocky Boy/North Central and Fort Peck/Dry Prairie project, are devastated because midway through construction, federally-obligated funds have dried up. It is frustrating to me that the money wasted in Nassiriya could have nearly finished the job. Unfortunately, this money is already out the door but it highlights the critical need for greater scrutiny in the way our government is investing in reconstruction projects before we spend so much money on a single ill-conceived project.

Additionally, American taxpayers covered the \$345 million costs of building and equipping over 130 primary health care centers across Iraq even though the U.S. government failed to build the capacity of the Iraqi Ministry of Health to sustain these facilities. Meanwhile, I have a Community Health Center in Missoula that, because of tight budgets, cannot secure the \$2.4 million grant it needs to serve 8,000 additional Montanans. There are countless other examples across Montana.

To train, equip and support the Afghan Security Forces, American taxpayers have contributed over \$35 billion. I remain fully aware of the need to bolster these forces so Afghans can ultimately provide security for their own communities, but I am also mindful that we cannot simply throw money at an unsustainable problem. Keep in mind that the yearly domestic revenue of the Afghan government is only about \$2 billion and the International Monetary Fund believes the Afghans will be incapable of covering the costs of their security forces until at least 2023. Does that leave the U.S. with an open-ended obligation to subsidize these costs? Meanwhile, because of budget cuts at home, American servicemen and women are being asked to pay more for their prescription drugs, the VA continues to lack the resources to reach all of our veterans and our communities are confronting cuts to critical grant programs that equip and train our first responders.

To put the \$35 billion in perspective, it is double the total transportation infrastructure needs of my state for the next ten years. That includes money to build, repair and replace bridges across Montana; money for rail crossings; and money for highway construction that would greatly improve transportation safety for Montanans and help spur much-needed economic growth. For the constituents of mine struggling to make ends meet and continually called upon to make greater sacrifices, this is a bitter pill to swallow. It is time that we start making these investments at home.

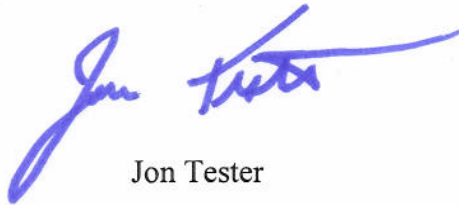
Moving forward, consistent with the recommendations of the Commission, I request that you examine both completed and current projects for risk of sustainment failure and take appropriate action on those projects with no credible prospect of being sustained. Further, I request information regarding the extent to which the Defense Department and State Department currently take into consideration a host country's ability to sustain reconstruction projects prior to an initial investment of U.S. taxpayer dollars. I also request information regarding the extent to which the Defense Department and State Department are conducting ongoing reviews of major reconstruction projects to ensure responsibility and ownership of these investments can be transferred to the host governments in a timely and responsible manner.

As our nation continues looking at different cost-cutting measures, I hope you agree this is certainly a matter worthy of close scrutiny. We have a lot of work to do. In addition to concerns of billions in waste from unsustainable projects, we continue to see a prevalence of huge cost-plus contracts that are not competitively bid. When does it end? It is long past time that we bring accountability and real change to the way our government does business with contractors in Iraq and Afghanistan. Doing so would save taxpayer dollars, it would restore some of our credibility with local partners and it would better serve our national security and diplomatic interests.

As we begin to implement these much-needed and long overdue reforms, I look forward to working with you in a close and productive manner.

I appreciate your attention to this matter and look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jon Tester", with a long horizontal flourish extending to the right.

Jon Tester